



# TaxNewsFlash

United States



No. 2019-312  
June 18, 2019

## Regulations pending OIRA review: Proposed regulations under section 451(b)

OMB's Office of Information and Regulatory Affairs (OIRA) reported it has received for review from the U.S. Treasury Department proposed regulations as guidance under section 451(b)—a provision added to the Code by the 2017 tax law (Pub. L. No. 115-97) or the law that is also known as the "Tax Cuts and Jobs Act" (TCJA).

According to OIRA, the proposed regulations were received for review on June 17, 2019, and are identified as follows:

- **RIN: 1545-BO68:** *Drafting regulations regarding the timing of inclusion in gross income under 451(b).*

### **Section 451(b), special rules for tax year of inclusion**

Under the 2017 tax law, accrual method taxpayers must recognize income no later than the tax year in which the item is recognized as revenue on an applicable financial statement (i.e., the "all events test" is satisfied no later than the year in which the revenue is recognized for financial accounting purposes).

This book-conformity requirement does not apply, however, either to an item of gross income earned in connection with a mortgage servicing contract, or to any item of gross income for which the taxpayer uses a special method of accounting provided under any other provision of the Code, except for the various rules for debt instruments contained in sections 1271-1288 concerning the rules for original issue discount (OID), discount on short-term obligations, market discount, and stripped bonds and coupons.

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